Meeting of the
Medicaid Revitalization Committee
August 2, 2006

Members Present:
Leslie C. Ellwood, M.D., Medical Society of Virginia /Virginia Academy of Pediatrics
Rose Chu, Board of Medical Assistance
Doug Gray, Medicaid MCO Representative
Mary Ann Bergeron, Virginia Association of Community Service Boards
Sheryl Garland, Virginia Commonwealth University
Marcia Tetterton and Carter Harrison, Virginia Association of Homecare
Judith Cash, Virginia Healthcare Foundation
Maureen Hollowell, Persons with Disabilities
Timothy Musselman, Virginia Pharmacists Association
Jill Hanken, Virginia Poverty Law Center
Alexander Macaulay, National Alliance on Mental Illness
Hobart Harvey, Virginia Health Care Association
Chris Bailey, Virginia Hospital and Healthcare Association

DMAS Staff:
Patrick Finnerty, Agency Director
Cynthia B. Jones, Chief Deputy Director
Cheryl Roberts, Deputy Director of Programs & Operations
Steve Ford, Director, Policy & Research Division
Gerald Craver, Policy Analyst, Policy & Research Division
John Kenyon, Policy Analyst, Policy & Research Division
Scott Cannady, Policy Analyst, Policy & Research Division

Meeting Facilitator:
Barbara Hulburt

Welcome and Presentation of Agenda by Pat Finnerty, Director of DMAS

Mr. Finnerty began by welcoming everyone to the Medicaid Revitalization Committee (MRC) meeting.

After the introductions, Mr. Finnerty reviewed the agenda and the contents of the folders that the Committee members received prior to the meeting. Each folder contained the following documents: 1) an agenda, 2) Draft Minutes from the July 14, 2006 meeting, 3) Public Comments received by DMAS, 4) a PowerPoint presentation, 5) a revised MRC list with contact information, 6) reference information on the Freedom of Information Act, and 7) several additional documents with background information on the Florida Medicaid program as well as the reform efforts in Florida, South Carolina, West Virginia, Kentucky and Idaho.

All meeting documents are available on the Medicaid Revitalization Committee's website at: http://www.dmas.virginia.gov/ab-revitalization_home.htm.

Approval of the July 14 Meeting Minutes

The minutes of the July 14 Committee meeting were approved by the MRC as written.

Public Comment Period

The Committee allowed each speaker five minutes to present their public comments. Eight individuals representing the organizations listed below provided public comments to the Committee. Copies of their comments are available on the MRC website.

#	Name	Representing
1.	Brian L. Meyer	Child and Family Behavioral Health Policy and Planning Committee
2.	Dr. Larry Goldman	Value Options
3.	John Morgan	Voices for Children
4.	Jennifer G. Fidura	Virginia Network of Private Providers
5.	Sara Long	March of Dimes
6.	Becky Bowers-Lanier	Virginia Chapter of the American College of Nurse Midwives Commonwealth Midwives Alliance
7.	Rick Shinn	Virginia Primary Care Association
8.	Stuart Gordon	National Association of Chain Drug Stores

*Additional comments have been received and posted on the MRC web site (http://www.dmas.virginia.gov/ab-revitalization_home.htm)

Virginia Medicaid Reform Presentation by Cindi Jones, Chief Deputy Director of DMAS, and Steve Ford, Director of the Policy and Research Division at DMAS

The presentation (which is available on the MRC's website) provided the Committee members with an overview of DMAS' Long-Term Care/Acute Care Integration project, a summary of other Medicaid State reform proposals, the DMAS Disease Management program, Enhanced Benefit Accounts, and Enhanced Electronic Access to Virginia Medicaid.

Ms. Jones reminded the Committee that roughly 30 percent of Virginia's Medicaid population receives long term care services; however, it accounts for roughly 70 percent of Medicaid expenditures. DMAS is concerned about cost issues, but also is concerned about quality of life and quality of care issues for this population. DMAS was directed by the 2006 Virginia Acts of the General Assembly to consult with stakeholders and to develop a long-range "blueprint" which will outline the development and implementation of an integrated acute and long-term care system. Ms. Jones indicated that, with the direction of the Governor and the General Assembly, DMAS is moving forward with the Program of All Inclusive Care for the Elderly (PACE), as well as with a regional model which will explore the potential for a capitated payment system for this population. The "blueprint" report is due to the General Assembly on December 15, 2006, and a draft report will be placed on the DMAS website in time to allow for written comments from the public. DMAS is holding three meetings this fall to discuss the following topics:

Date	Purpose
September 7, 2006	To provide an overview of Medicaid funded acute and long term care services in Virginia and across the United States
September 26, 2006	To provide information on the options for developing an integrated acute and long term care program in Virginia
October 18, 2006	To hear public comment on the Integration of acute and long term care

Mr. Ford then provided a brief overview of Medicaid reform efforts being undertaken by the following states: Florida, South Carolina, West Virginia, Kentucky, and Idaho. DMAS chose to focus on these states because their recent reforms are similar to provisions in House Bill (HB) 758, and because several of them are being implemented through State Plan Amendments authorized under new provisions the Deficit Reduction Act. This State summary was followed by an overview of Disease Management programs, Enhanced Benefit Accounts and Enhanced Electronic Access to Virginia Medicaid, and all provisions included in HB 758.

The Committee had several questions about DMAS' Disease Management (DM) program relating to issues such as the program cost, recipients eligible for the program, how the patient interaction is handled, how the program is evaluated, and what expectations there are for DM in the future. DMAS staff indicated that it would provide this additional information as handouts at the next MRC meeting on August 9, including information on DM programs run by MCOs serving Virginia Medicaid recipients.

The Committee discussed the concept of Enhanced Benefit Accounts or incentive programs for healthy behaviors. Committee members expressed interest in exploring this concept further, although some members advocated a cautious approach to avoid penalizing those with serious health issues. Some concern was also expressed about the potential administrative costs and patient education costs that might be associated with these programs.

Finally, the topic of Enhanced Electronic Access to the Virginia Medicaid program was discussed. Mr. Ford pointed out that HB 758 could be interpreted as primarily focused on electronic access to Enhanced Benefit Accounts (EBAs), but that its intent could also be to expand the use of electronic claims submission by providers and electronic payments back to providers.

The DMAS Director indicated that DMAS has been looking at web-based technology as a means of increasing electronic processing of claims. If developed, this technology would be free for providers and would represent a relatively low cost for DMAS. It has potential to greatly increase the efficiency of claims processing.

Open Committee Discussion

Barbara Hulburt opened the meeting to general discussion for the Committee members.

The Committee started with some additional discussion of Electronic Funds Transfers (EFTs), recognizing that increased use of EFTs and the efficiency that this would bring is very desirable. Members discussed the fact that mandates are the quickest way to get compliance, but that EFTs have built-in incentives for providers because they speed up the reimbursement process. There appeared to be consensus about a Committee recommendation regarding the importance of enhancing electronic access in the Virginia Medicaid program.

Discussion then turned to claims forms and the billing process in general. The committee talked about the complications that providers face with different public and private sector requirements. There appeared to be agreement that general billing issues were somewhat beyond the purview of the MRC and would probably be better addressed by the Governor's Health Information Technology (IT) Council. There was a request that the MRC make a statement in support of the efforts of the Health IT Council.

Finally, the discussion turned again to DM programs, with a recommendation that the Virginia Medicaid program look at incentives for patients as well as providers to achieve optimal outcomes in their program. The Committee stated that reforms should not be limited to merely cosmetic or superficial changes. For example, it was suggested that it might be possible to look at reforming the way providers are compensated for care by using an "Episode of Care" payment methodology. This concept essentially involves paying a global rate for treating a patient for one health care episode and might include one total payment for the physician, the hospital, the lab, and the pharmacy. The goal would be to allow flexibility within an established, adequate payment rate to facilitate the efficient and effective use of all the various resources (provider types) used to serve a patient's needs during a health episode. The episode of care payment methodology could promote both health care efficiency through a financial disincentive for unnecessary services, and the optimal health outcome through the same financial disincentive (costs beyond the expected care necessary would be un-reimbursed), as well as a financial incentive (additional payment) to reward the optimal health outcome.

Members had further questions about how DMAS' DM program works and whether it wouldn't be desirable to have more face-to-face contact and engagement of the patient by the physician instead of by telephonic contact by nurses. Given limited funding, DMAS believes that the DM program can positively impact health outcomes for individuals with chronic diseases. Results of telephonic discussions between patients and the DM nurses are recorded on the patients' record and provide the physician with an opportunity to follow up at the next visit. This concept is also being used in the private sector.

DMAS indicated that it would provide additional information to Committee members at the next meeting on DMAS' DM program.